

**CITY OF STEPHENVILLE
FINANCIAL POLICY STATEMENTS
AND FINANCIAL MANAGEMENT POLICY**

I. STATEMENT OF PURPOSE

The intent of the following Financial Policy Statements and Financial Management Policies is to enable the City to achieve a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

Also, this policy provides guidelines to the Finance Director in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Administrator and City Council.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts in order to:

- (a) present fairly and with full disclosure the financial position and results of financial operations of the City in conformity with generally accepted accounting principles (GAAP), and
- (b) determine and demonstrate compliance with finance related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

II. GENERAL IMPLEMENTATION GUIDELINES

A. Finance Committee A committee designated as the Finance Committee will be appointed by the Mayor (with the consent of the City Council). It will consist of at least three (3) members of the City Council. The City Administrator and the Finance Director will serve as staff advisors to the Committee and will attend all meetings. The function of the committee will include:

- 1. Financial policy review.
- 2. Auditor selection recommendation.
- 3. Investment policy review and guidance.
- 4. Hotel/Motel Tax Revenue and Expenditure.
- 5. Child Safety Revenue and Expenditure.

- B. **Annual Review** The Finance Committee will annually review the financial and investment policies and make recommendations to the City Council.

III. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. **Accounting** The City Council is solely responsible for the reporting of its financial affairs, both internally and externally. The Finance Director is the City's Chief Financial Officer and is responsible for establishing the chart of accounts and for the recording of financial transactions.

- B. **Auditing**

1. **Qualifications of the Auditor.** In conformance with the City's Charter (Article III, Section 20) and according to the provisions of the Texas Local Government Code (Title 4, Chapter 103), the City will be audited annually by outside independent accountants (auditors). The auditor must be a CPA firm of national or regional reputation and must be capable of demonstrating that it has the breadth and depth of staff to enable it to conduct the City's audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements as is required by applicable state and federal laws. The auditor must be registered as a partnership or corporation of certified public accountants, holding a license under Article 41a-1, Section 9, of the Civil Statutes of Texas.

The auditor's report on the City's financial statements will be completed within 100 days of the City's fiscal year end, and the auditor will review the management letter with the City Administrator and Finance Director before a presentation of the report is made to the City Council. Within twenty (20) workdays of the management letter review, the Finance Director will respond in writing to the City Administrator regarding the auditor's management letter, addressing the issues contained therein. The formal acceptance by the City Council of the auditor's report will be no later than the regular February Council meeting.

2. **Responsibility of Auditor to City Council.** The auditor is accountable to the City Council and will have access to direct communication with the City Council if the staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill its legal and professional responsibilities.
3. **Rotation of Auditor.** The City Council will not require an auditor rotation, but will circulate requests for proposal for audit services periodically, normally at five year intervals. Engagement of the audit firm will be made by July 1 of each year.

C. Financial Reporting

1. External Reporting. Upon the compliance of the annual audit by the City's auditors, a combination of the audit staff and the City Staff will be responsible for preparing a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 120 days after the end of the fiscal year. The CAFR will be prepared in accordance with generally accepted accounting principles (GAAP) and shall be presented annually to the Government Finance Officer's Associates (GFOA) for evaluation and consideration for the Certification of Achievement for Excellence in Financial Reporting.
2. Internal Reporting. The Finance Division will prepare internal financial reports sufficient to plan, monitor, and control the City's financial affairs. These reports will reflect the City's current cash position, revenue and expenditure/expense performance as well as any additional information that reflects the City's financial position. Reports for Division Directors will be as needed and the City Administrator and City Council will receive monthly reports. Internal financial reporting objectives are addressed throughout these policies.

IV. OPERATING BUDGET

A. Preparation. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan and program of services. It comprises governmental and proprietary funds, including the debt service funds, but excluding capital projects funds. The budget is prepared by the Finance Division with the cooperation of all City Departments, and is submitted to the City Administrator who makes any necessary changes and transmits the document to the City Council. The proposed budget should be presented to the City Council no later than sixty (60) days prior to fiscal year end (City Charter Article VIII, Section 2), and should be enacted by the City Council no later than thirty (30) days prior to the beginning of the new fiscal year (City Charter Article VIII Section 6). The operating budget may be submitted to the GFOA annually for evaluation and considered for the Award for Distinguished Budget Presentation.

1. Proposed Budget. A proposed budget will be prepared by the City Administrator and the Director of Finance with the participation of all of the City's Directors, within the provisions of the City Charter.

The proposed budget will include five basic segments for review and evaluation. These segments are: (1) an introductory section including revenue to expenditure comparison, other budget summaries, and an organizational chart, (2) baseline revenue and expenditure/expense by

department, (3) Capital Replacements in baseline, (4) New Programs and (5) five year capital planning.

The Budget process will span sufficient time to address policy and financial issues by the City Council. A copy of the proposed budget will be filed with the City Secretary not less than thirty (30) days prior to the beginning of the fiscal year in accordance with City Charter provisions.

2. Adoption. Upon the presentation of a proposed budget document acceptable to the City Council, the Council will call and publicize a public hearing and adopt by Ordinance such budget as the City's Official Budget, effective for the fiscal year beginning October 1.

B. Balanced Budget The operating budget will be balanced with current revenues, exclusive of beginning resources, greater than or equal to current expenditures/expenses. Excess balances will be transferred to capital fund or non-recurring expenditures.

C. Planning. The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date so that proper decision analysis can be made.

D. Reporting. Periodic financial reports will be prepared to enable the Division Directors to manage their budgets and to enable the Finance Director to monitor and control the budget as authorized by the City Administrator. Summary financial reports will be presented to the City Council monthly within 30 days after the end of each month. Such reports will be in a format appropriate to enable the City Council to understand the "big picture" budget status.

E. Control. The Operating Expenditure Control is addressed in Section VI. C of these policies.

F. Performance Measures and Productivity Indicators. Where appropriate, performance measures and productivity indicators will be used as guidelines and reviewed for efficiency and effectiveness.

G. Operating Position. The guidelines that the City Council should be following to assure financial stability are those Ratios (IX.A through E).

H. Amending the Official Budget. Amendments to the Official Budget will be made as scheduled City Council meetings with a notice of the proposed amendment posted at least three (3) days prior to the meeting.

V. REVENUE MANAGEMENT.

- A. The City will strive for the following optimum characteristics in the revenue system:
1. **Simplicity.** The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs for the taxpayer or service recipient. A corresponding decrease in the City costs of collection and reduction in avoidance to pay will thus result.
 2. **Certainty.** A knowledge and understanding of revenue sources increases the reliability of the revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
 3. **Equity.** The City Council will make every effort to maintain equity in its revenue system structure; i.e., the Council will seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, i.e. senior citizen property tax exemptions, youth recreational programs, or partial property abatement.
 4. **Revenue Adequacy.** The City Council will require that there be a balance in the revenue system, i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to the cost of service, willingness to pay, and ability to pay.
 5. **Administration.** The benefits of a revenue will exceed the cost of producing the revenue. Where appropriate, the City will use the administrative processes of collection agencies in order to reduce administrative costs.
 6. **Diversification and stability.** In order to protect from fluctuations in a revenue source due to fluctuations in the economy and variations in weather, a diversified revenue system should be maintained which has a stable source of income.
 7. **Responsibility.** The City Council will exercise due caution in the analysis of any tax incentives or expenditures that are used to encourage economic development.
- B. The following considerations and issues will guide the City Council in its revenue policies concerning specific sources of funds:

1. **Cost/Benefit of Abatement.** The City Council will exercise due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such caution.
2. **Non-Recurring Revenues.** One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs. They will not be used for budget balancing purposes.
3. **Property Tax Revenues.** All real and business personal property located within the City will be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the City by the Erath County Central Appraisal District. A 98% collection rate will serve each year as the goal for tax collection.

The 98% rate is calculated by dividing total current year collections for a fiscal year by the total tax levy for the fiscal year.

All delinquent taxes will be aggressively pursued each year. Delinquent tax accounts will be submitted in July of each year for collection by an attorney selected by the City Council. A penalty and interest are added at the time taxes go delinquent and in July a 20% attorney fee is added as well as any court costs.

4. **Interest Income.** Interest earned from investment of available monies, will be distributed to the funds from which the monies are originally derived.
5. **User-based Fees and Service Charges.** For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges by the City Council to ensure that fees provide adequate coverage of costs of services. User charges may be classified, as "full cost recovery" or "partial cost recovery" base upon City Council policy.
6. **Utility Rates.** The City Council will review and adopt utility rates annually that will generate revenues required to fully cover operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs.

Components for Utility Rates will include transfers to the General Fund as follows:

- (a) General and Administrative Charge. An administrative fee will be charged to the Enterprise Funds for services of general overhead,

such as administration, finance, personnel, data processing, and legal counsel. This fee will be documented through a cost allocation procedure based on a reasonable portion of the salaries of the employees providing function for multiple funds.

- (b) Franchise Payment. A percentage of gross sales will be charged to the Water and Wastewater Fund, consistent with the rates charged to private utilities operating within the City.

7. Intergovernmental Revenues. The reliance placed on intergovernmental revenues will be eliminated from the operating budget. Any potential grants will be examined for matching requirements with priority given for capital improvements that are consistent with the Capital Improvement Plan.

8. Revenue Monitoring. Revenues actually received will be compared to budgeted revenues and variances will be brought to the attention of the City Administrator. The City Administrator will monitor and advise the Finance Committee of any action that needs to be taken.

VI. EXPENDITURE CONTROL

- A. Appropriations.** The level of staff budgetary control is the Division level budget in the General Fund, and the fund level in all other funds. When budget adjustments between Divisions and/or funds are necessary, these must be approved by the City Council. Budget appropriation amendments at lower levels of control will be made in accordance with the applicable administrative procedures.
- B. Amendments to the Budget.** In accordance with the City Charter, budget amendments shall be approved by the City Council.
- C. Central Control.** No recognized or significant salary or capital budgetary savings in any Division shall be spent by the Division director without the prior authorization of the City Administrator.
- D. Purchasing.** All purchases should be in accordance with the City Council's purchasing policies as defined in the Purchasing Manual. Priority will be given to purchases from local vendors when all policies and procedures are in compliance.
- E. Prompt Payment.** All invoices approved for payment by the proper city authorities shall be paid by the Finance Division within thirty (30) calendar days of receipt in accordance with the provisions of Article 601f, Section 2 of the State of Texas Civil Statutes.

The Finance Director shall establish and maintain proper procedures which will enable the City to take advantage of purchase discounts, when possible, except in

the instance where payment can be reasonably and legally delayed in order to maximize the City's investable cash.

- F. Equipment Financing.** Equipment may be leased/purchased or financed when the unit purchase price is \$20,000 or more and the useful life is at least five years.
- G. Risk Management.** The City will aggressively pursue every opportunity to provide for the Public's and City employees safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to lessen risk including safety training and insurance coverage.
- H. Reporting.** Monthly reports will be prepared showing actual expenditures compared to original budget. Any deficits within the year may be adjusted as they occur by budget amendments.

VII. ASSET MANAGEMENT

- A. Investments.** The Finance Director shall promptly invest all City funds in accordance with the City Councils' investment policies as defined in the City of Stephenville Investment Policy. The City Council Finance Committee may recommend changes to the City Council to this policy at any time and revisions will be made to conform with State Law.
- B. Cash Management.** The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including utility bills, building and related permits and licenses, and other collection offices as appropriate.

The Finance Director may transfer funds, via electronic transfer. This shall be done only for bond payments and investments unless the consent of the City Administrator is given.

- C. Fixed Assets and Inventory.** The City's fixed assets shall be reasonably safeguarded and properly accounted for and sufficiently insured. Responsibility for the safeguarding of fixed assets lies with the Division Director in whose division the fixed asset is assigned. The Purchasing Agent will supervise the marking of fixed assets with City numbered property tags and will maintain the permanent records of the City's fixed assets including description, cost, division of responsibility, and date of acquisition. The Purchasing Agent shall also perform an annual inventory of all mobile equipment in the presence of a designated member of each department.
- D. Computer System/Data Security.** The City will provide security of its computer system and data files. Backup of computer files is conducted daily and stored in

the City vault. No external access to the system via telephone will be installed, without prior approval of the Finance Director and the City Administrator.

VIII. CAPITAL BUDGET AND PROGRAM

- A. **Preparation.** The City's capital budget will include all capital projects. The budget will be prepared annually on a fiscal year basis. The capital budget will be compiled by the Finance Division with the input of all City Divisions.
- B. **Control.** All capital replacement expenditures must be appropriated in the capital replacement budget. The Finance Division must certify that each capital item is in the capital budget and that funds are available to pay for the item before a capital replacement item is presented to the City Council and/or purchased.
- C. **Program Planning.** The capital budget will include capital improvement plans for future years. The planning time frame should normally be five years. The replacement and maintenance for capital items should also be projected for the next five years.
- D. **Financing Programs.** Where applicable, assessments, impact fees, pro-rata charges or other fees should be used to fund projects which have a primary benefit to specific, identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative financing source will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives which equal or exceed the average life of the debt issue.

The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases.

Every three to five years the Council will consider calling a bond election to issue mini-bonds, less than \$1 million, to finance capital improvement projects.

- E. **Infrastructure Maintenance.** The City Council recognizes that deferred maintenance increases future capital costs; therefore, a portion of the General Fund budget will be set aside each year to maintain the quality of the City's infrastructure. The amount will be determined annually by the City Council so that repairs will be made.
- F. **Capital Reserves.** In addition to an ongoing maintenance program, the City will establish a Capital Reserve Funding the General Fund. The Reserve will be built from operating surpluses and will be used for major infrastructure replacement. The goal is to develop an amount in the Reserve equal to approximately three (3) months of General operating expenditures.

- G. Reporting.** Periodic financial reports will be prepared to enable the Division Directors to manage their capital budgets and to enable the Finance Division to monitor and control the capital budget as authorized by the City Council.

IX. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. Operational Coverage. (NO OPERATING DEFICITS).** The City Council in the General Fund will maintain as operational coverage of at least 1.00, such that current operating revenues will meet or exceed current operating expenditures.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated in the following paragraph.

B. Operating Reserves/Fund Balances.

1. The General Fund cash and investment balance should be the equivalent of 90 days (25%) of the General Fund annual expenditures. An additional amount will be determined annually by the City Council for extraordinary items or contingencies.
2. As soon as economically possible, the Enterprise Fund working capital should be maintained at the equivalent of 90 days (25%) of the annual expenses.

- C. Liabilities and Receivables.** Procedures will be taken so as to maximize any discounts offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice unless circumstances warrant otherwise. Accounts receivable procedures will target for a maximum of 30 days from service or billing. The Finance Director is authorized to write-off uncollectible accounts that are delinquent for more than 180 days with the authorization of the City Administrator.

D. Capital and Debt Service Funds.

1. Revenue obligations will maintain debt coverage ratios as specified by the bond covenants. (The City is currently required to have net earnings equal to at least 1.40 times the average annual debt service for all bonds outstanding and 1.10 times the maximum annual debt service payment to be paid in one year in order to issue additional bonds).
2. General Obligation Debt Service Funds will maintain balances as specified by the bond covenants.

- E. Compensated Absences.** The City will establish a liability to pay for accrued reimbursable vacation and sick leave.

X. TREASURY AND DEBT MANAGEMENT

- A. Cash Management.** The City of Stephenville Investment Policy should be adhered to; the underlining theme being that idle cash will be invested with the intent to (1) safeguard assets, (2) maintain liquidity, (3) maximize return.
- B. Types of Debt.**
1. Short-Term Debt. Issuance of short-term debt will be avoided, but when necessary for tax or bond anticipation, the debt should be retired within six months.
 2. Long-Term Debt. Long-term debt will not be used for operating purposes, and the life of a bond issuance will not exceed the useful life of a project financed by that bond issue.
- C. Debt Issuance.**
1. Method of Sale. The City will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the City will publicly present the reasons why, and the City will participate with the financial advisor in the selection of the underwriter or direct purchaser.
 2. Bidding Parameters. The notice of sale will be carefully constructed so as to ensure the best possible bid for the City, in light of the existing market conditions and other prevailing factors.
 3. Bond Issuance Costs. The City Council will be involved in the selection of all financial advisors, underwriters, paying agents, and bond counsel. The Council will evaluate the merits of rotating professional advisors and consultants, the service and fee structures, and banking firms. The Council will carefully scrutinize all costs associated with the issuance of bonds.

XI. INTERNAL CONTROLS

- A. Written Procedures.** Wherever possible, written procedures will be established and maintained by the Finance Director for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. Division Directors Responsible.** Each Division Director is responsible to ensure that good internal controls are followed throughout his/her Division, that all Finance Division directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

XI. STAFFING AND TRAINING

- A. Adequate Staffing.** Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime will be used only to address temporary or seasonal demand that require excessive hours.
- B. Training.** The City Council will support the continuing education efforts of all staff in an attempt to maintain a current perspective concerning financial issues. Staff will be held accountable for communication and sharing with other staff members all information and training materials acquired which would pertain to their position.
- C. Awards, Credentials, Recognition.** The City Council will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Certified Governmental Finance Officer, Certified Treasurer and other professional certifications.

The Finance Division will strive to maintain a high level of excellence in its accounting policies and practices as it assists external auditors in the preparation of the CAFR. The CAFR may be presented to the Government Finance Officers Association for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. Additionally, the Finance Division may submit the annual budget to GFOA for consideration for the Distinguished Budget Award.

XIII. GRANTS FINANCIAL MANAGEMENT

- A. Grant Solicitation.** The City will stay informed about available grants and will apply for any which would be cost beneficial and meet the City's objectives.
- B. Responsibility.** The departments will oversee the day-to-day operations of grant programs, will monitor performance and compliance, and will also keep Finance Department contacts informed of significant grant related plans and activities. Finance department staff members will serve as liaisons with grantor financial management personnel, will prepare invoices, and will keep files of accounts for all grants.

GLOSSARY FOR FINANCIAL POLICY STATEMENTS AND FINANCIAL MANGEMENT POLICIES

Appropriation: A legal authorization granted by the Council to make or incur expenditures/expenses of specific purposes.

Arbitrage Rebate: This occurs when the interest earnings on bond monies exceeds the amount of interest that the bond holder is earning. When this happens, the City has to pay the excess earnings to the U.S. Treasury as a rebate.

Bank Depository Agreement: A contract between a municipality and a depository, negotiated and entered into in accordance with the specifications of the City Charter.

Budget: A plan, approved by the Council, of financial operation embodying and an estimate of proposed expenditures/expenses for the fiscal year with the proposed means of financing such through revenue estimates.

Capital/Major Project Expenditures/Expenses: An expenditure/expense which results in the acquisition or addition of fixed or the improvement to an existing fixed asset.

Chart of Accounts: A chart detailing the system of general ledger accounts.

City Council: The current elected officials of the City as set forth in the City's Charter.

City Administrator: The individual appointed by the City Council who is responsible for the administration of the City.

Competitive Bidding Process: The process following City Charter and state law requiring that for purchases of \$5,000 or more, a City must advertise, solicit, and publicly open sealed bids from prospective vendors. After a review period, the Council then awards the bid to the successful bidder, or rejects all bids.

Current Expense: An obligation of a City as a result of an incurred expenditure/expense that is due for payment within a twelve (12) month period.

Current Revenue: The revenues or resources of a City convertible to cash within twelve (12) month period.

Elastic Revenue: Those sources of revenue that tend to fluctuate with the changes in the economy. (Sales tax revenue, Interest income of investments).

Emergency: An unexpected occurrence, i.e., damaging weather conditions, that requires the unplanned use of City funds.

Encumbrance: See appropriation.

Equity: See fund balance.

Expenditure/Expense: Decreases in net financial resources for the purpose of acquiring goods or services. The General fund recognizes expenditures and Proprietary funds recognizes expenses.

Finance Director: The person appointed by the City Administrator who is responsible for recording and reporting the financial activities

Fiscal Year: Twelve (12) month budget period, extending from October 1st through the following September 30th.

Fixed Assets: A purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, and buildings. The cost or value of any such acquisition must be \$1,000 or more with an expected useful life greater than one year.

Fund: An independent fiscal and accounting entity with a self balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance (Equity): The excess of fund assets over liabilities. Accumulated balances are the result of continual excess of revenues over expenditures/ expenses. A negative fund balance is a deficit balance.

GAAP: See Generally Accepted Accounting Principles.

General and Administrative Costs: Costs associated with the administration of City services.

General Fund: The City fund used to account for all financial resource and expenditures of the City except for those required to be accounted for in another fund, and primarily supported by taxes.

General Ledger: The collection of accounts reflecting the financial position and results of operations for the City.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards of and guidelines to financial accounting and reporting asset forth by the Government Accounting Standards Board (GASB).

GFOA: Government Finance Officer's Association of the United States and Canada.

Governmental Accounting Standards Board (GASB): The authoritative accounting and financial reporting standard-setting body for government agencies.

Inelastic Revenue: Those revenues that are fixed in nature.
(Property tax, Franchise fees)

Investments: Securities held for the production of revenues in the form of interest.

Long-Term Debt: Obligations of the City with a remaining maturity term of more than one (1) year.

Net Working Capital: Current assets less current liabilities.

Non-Recurring Revenues: Resources recognized by the City that are unique and occur only one time or without pattern.

Official Budget: The budget as adopted by the Council.

One-Time Revenues: See Non-Recurring Revenues.

Operating Budget: A plan, approved by the Council, of financial operations embodying an estimate of proposed expenditures/expenses for the fiscal year and the proposed means of financing them.

Proprietary Funds: Funds used to account for operations of the City's water, sanitary sewer, and solid waste disposal, sanitary landfill, and airport activities.

Purchase Order System: The City's system of using documents authorizing the delivery of specified merchandise or services and making a charge for them.

Retained Earnings: The equity account reflecting the accumulated earnings of the Enterprise Funds.

Revenues (Resources): An increase in assets due to the performance of a service or the sale of goods. In the General Fund, revenues are recognized when earned, measurable and reasonably assured to be received within sixty (60) days.

Risk: The liability, either realized or potential, related to the City's daily operations.

Tax Levy: The amount of taxes imposed by the City on taxable property within the City's corporate limits.

User Based Fee/Charge: A monetary fee or charge placed upon the user of services of the City.

Undesignated Fund Balance: That portion of fund balance that is unencumbered from any obligation of the City. This is also referred to as unrestricted funds.